

## Message Text

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PAGE 01 PORT A 00521 261736Z

64

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 SPC-03 AID-20 NSC-07

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

COME-00 CIAE-00 INR-10 NSAE-00 L-03 H-03 DRC-01 /129 W

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R 261602Z MAR 74

FM AMEMBASSY PORT AU PRINCE

TO SECSTATE WASHDC 7690

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E.O. 11652: N/A

TAGS: ETRD, EAGR, OTRA, HA, US

SUBJECT: GOH REFUSAL TO PERMIT SUGAR EXPORTS

REF: (A) STATE 53443; (B) P-AU-P 467; (C) STATE 52030;

(D) P-AU-P A-150, 10/30/73

1. SUMMARY: GOH WILL NOT PERMIT ANY SUGAR EXPORTS AT PRESENT BUT NATIONAL BANK DIRECTOR HAS STATED THAT EXPORTS LICENSES MAY BE GRANTED

IN MAY. ACCORDINGLY, GOLODETZ REP HAS INFORMED EMBASSY THAT HE IS CONSIDERING RECOMMENDING TO HIS COMPANY THAT INITIATION OF SUIT IN NEW YORK COURTS BE DELAYED UNTIL SITUATION IS CLEARER.

2. GOH SECRETARY OF COMMERCE AND INDUSTRY HAS DISCUSSED PROBLEM OF SUGAR EXPORTS WITH EMBOFF, WITH DOMINGUEZ OF DESSALINES AND HIS LAWYER, AND WITH PONS OF GOLODETZ, AND HAS STRONGLY PRESENTED TO ALL GROUPS THE GOH POSITION THAT NO EXPORT PERMITS FOR SUGAR WILL BE ISSUED UNTIL IT IS CLEAR THAT DOMESTIC DEMAND CAN BE FILLED. HOWEVER, ACCORDING TO PONS, NATIONAL BANK DIRECTOR ANDRE HAS STATED HE IS "99 PERCENT SURE" THAT EXPORTS OF SUGAR WILL BE PERMITTED IN MAY AND THAT GOLODETZ WILL THEN BE ABLE TO OBTAIN AT LEAST 2500 TONS OF SUGAR. ANDRE WOULD NOT, HOWEVER, MAKE ANY WRITTEN COMMITMENT TO THIS EFFECT.

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PAGE 02 PORT A 00521 261736Z

3. IN ORDER TO OBTAIN AS MANY FACTS AS POSSIBLE BEFORE MAKING

DECISION ON INITIATION OF COURT SUIT IN NEW YORK, PONS HAS ALSO TRIED TO ASCERTAIN LEGAL POSITION IN HAITI WITH RESPECT TO ANY JUDGMENT AGAINST DOMINGUEZ BY A NEW YORK COURT. HE HAS BEEN TOLD THAT HAITIAN LAW THEORETICALLY PERMITS THE COLLECTION OF SUCH A JUDGMENT BUT THAT, AS A PRACTICAL MATTER, COLLECTION WOULD DEPEND ON THE ATTITUDE OF THE HAITIAN GOVERNMENT WITH RESPECT TO THE SPECIFIC CASE.

4. IN VIEW OF THESE FACTORS, PNS TOLD EMBASSY ECONOFF THAT HE IS NOW CONSIDERING FEASIBILITY OF DELAYING INITIATION OF COURT SUIT, GIVING DOMINGUEZ AN OPPORTUNITY TO FILL CONTRACT LATER THIS YEAR. FINAL DECISION ON TIMING WILL DEPEND UPON EXACT WORDING OF PURCHASE CONTRACT AND ADVICE OF GOLODETZ NEW YORK LAWYERS.

5. MEANWHILE, SHIP WAS RELEASED MORNING OF MARCH 22. THE OTHER PARTIES TO THE CONFLICT, DOMINGUEZ OF DESSALINES AND HIS LAWYER, HAVE ACCEPTED THE FACT THAT THE GOH WILL NOT PERMIT SUGAR EXPORTS FOR PRESENT AND ARE TRYING TO COLLECT DOCUMENTS TO USE IN THEIR DEFENSE IN CASE GOLODETZ GOES AHEAD WITH SUIT.

6. IN HIS TALKS WITH EMBASSY, PONS MADE IT CLEAR THAT GOLODETZ WANTS EITHER THE SUGAR OR REPARATIONS FOR ITS LOSSES WHICH, HE CLAIMS, ARE OVER \$900,000. PONS NOTED THAT COMPANY MUST RESORT TO EVERY POSSIBLE MEANS TO OBTAIN MONEY FROM DOMINGUEZ SO THAT THE COMPANY WILL AT LEAST

BE ABLE TO CLAIM THAT LOSS IS A BAD DEBT AND THUS TAX DEDUCTIBLE. AS PART OF THIS CAMPAIGN, COMPANY PLANS APPROACH THE DEPARTMENTS OF STATE AND AGRICULTURE AND CHAIRMAN POAGE OF THE HOUSE AGRICULTURAL COMMITTEE. PONS SAID HE WOULD SEE THAT A FULL RECORD OF THE CASE IS PRESENTED AT THE HEARINGS ON THE NEW SUGAR BILL IN ORDER TO ENSURE THAT HAITI WILL NOT RECEIVE A SUGAR QUOTA FOR 1975.

7. IN EMBASSY VIEW, PRESENT HAITIAN PROHIBITION OF SUGAR EXPORTS IS BASED SOLELY ON DOMESTIC POLITICAL AND ECONOMIC NECESSITIES AND IN NO WAY INDICATES ANY HAITIAN INTENT TO HOLD OUT FOR HIGHER PRICES OR TO SELL IN OTHER MARKETS. GIVEN PAUCITY AND POOR QUALITY OF STATISTICS, GOVERNMENT INABILITY TO COME UP NOW WITH REASONABLE FORECASTS ON PRODUCTION AND/OR CONSUMPTION FOR THE YEAR, IS ALSO NOT SURPRISING. IF PRODUCTION FIGURES THROUGH APRIL ARE GOOD AND IT LIMITED OFFICIAL USE

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PAGE 03 PORT A 00521 261736Z

APPEARS

LIKELY THAT THERE WILL BE EXCESS SUGAR REMAINING AFTER LOCAL CONSUMPTION

IS SATISFIED, EMB IS CONFIDENT THAT HAITI WILL LICENSE EXPORTS TO U.S

WITH RESPECT TO THE LONGER RANGE PROBLEM OF A QUOTA FOR HAITIAN SUGAR IN NEW LEGISLATION, EMB HAS SUGGESTED THAT GOH PROVIDE USG OFFICIALLY WITH INFORMATION ON EXPECTED SHORTFALL THIS YEAR AND

PROSPECTS

FOR INCREASED SUGAR PRODUCTION IN 1975, THUS UP-DATING THE MATERIAL  
SENT

DEPARTMENT LAST OCTOBER (REF D), AND FULFILLING THE REQUIREMENTS OF  
SUGAR

ACT RE NOTIFICATION OF EXPECTED SHORTFALL (REF C). ANY SUGGESTIONS  
OR ADVICE WHICH DEPARTMENT MIGHT HAVE AS TO ACTIONS WHICH GOH MIGHT  
TAKE WOULD BE APPREICATED.

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## Message Attributes

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